Weekly Economic Review

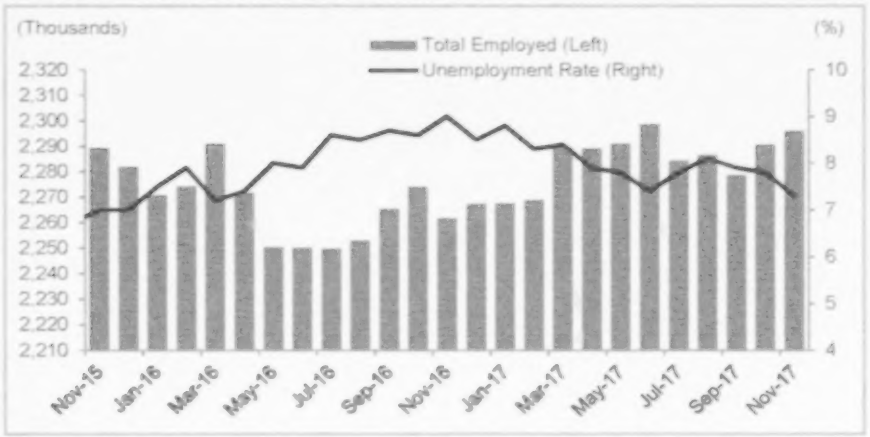
Unemployment rate coming down

Employment

Unemployment rate at lowest level in over a year

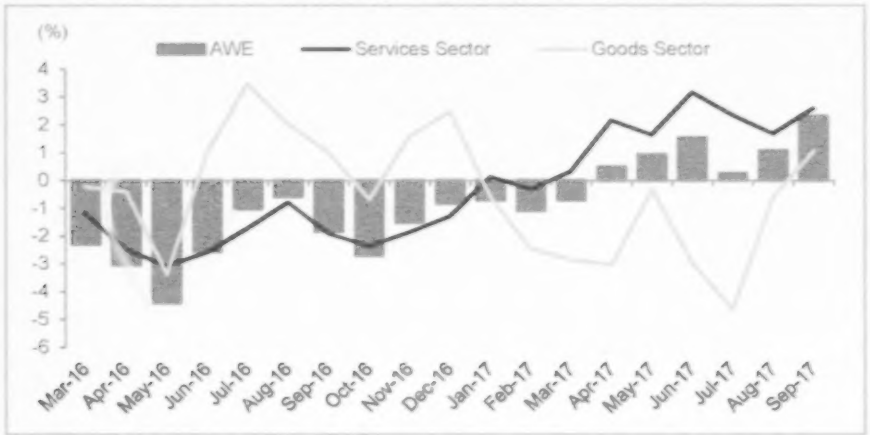
Alberta churned out more jobs in November following strong gains in October. The province added 5,400 jobs month-over-month (m/m), mostly in the private sector. With the labour force participation rate dipping below 72%, the unemployment rate fell for the third month in a row, down 0.5 percentage points to 7.3% (Chart 1).

Chart 1: Alberta labour market continues to make headway
Alberta unemployment rate and employment level



Source: Statistics Canada

Chart 2: AWE growth accelerates as goods sector earnings rebound
Year-over-year growth in average weekly earnings by industry



Source: Statistics Canada

While part-time positions rose (+17,800 m/m), full-time employment took a breather (-12,400 m/m) after surging to an almost two-year high in October . Nonetheless, full-time employment is still leading the recovery, up over 30,000 since December 2016. Meanwhile, goods sector employment pulled back (-3,300 m/m) after increasing in the last three months, which was more than offset by solid gains in the service sector (+8,600 m/m). Year-to-date, Alberta employment has grown by 0.9% and the unemployment rate has averaged 8.0%.

Average Weekly Earnings

Goods sector boosts AWE

After lagging behind other economic indicators during the recovery, average weekly earnings (AWE) are showing signs of improvement. AWE jumped 0.8% m/m to $1,142 in September, the highest level since December 2015. The monthly gain was led by the goods sector (+2.0% m/m), which saw its strongest growth so far this year. Ongoing improvement in AWE in mining, oil and gas (+2.2% m/m) was joined by a rebound in utilities (+3.8% m/m) and construction (+5.1% m/m). Service sector AWE has also improved, with 12 of the 15 industries gaining ground. AWE is up 2.3% from last year, the fastest increase in nearly two years (Chart 2).

Job Vacancies

Job vacancies surge higher

Employment opportunities continue to grow in the province. The number of job vacancies surged to 39,000 in the three-month period ending in August, up 4,700 from the previous period. Monthly growth in job vacancies has accelerated since May 2017. With job vacancies gaining traction, the

unemployment-to-job vacancies ratio eased further to 5.1, down considerably from the December 2016 peak of 8.4 and approaching the Canadian rate of 4.7.

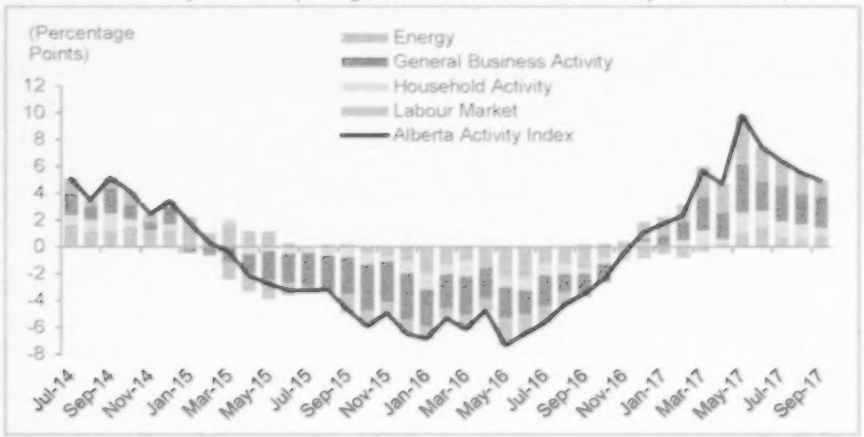
Alberta Activity Index (AAX)

AAX holding steady

The Alberta Activity Index, which is comprised of nine monthly indicators, continued to level off in September. Mixed results across the nine indicators balanced out, with strength in earnings, housing starts, and wholesale trade offsetting the moderation in manufacturing shipments, employment, retail sales, new truck sales and energy-related indicators. Despite easing in the last four months, the AAX continues to surpass last year's levels (Chart 3) and is up 5.3% year-to-date.

Chart 3: AAX shows moderating growth

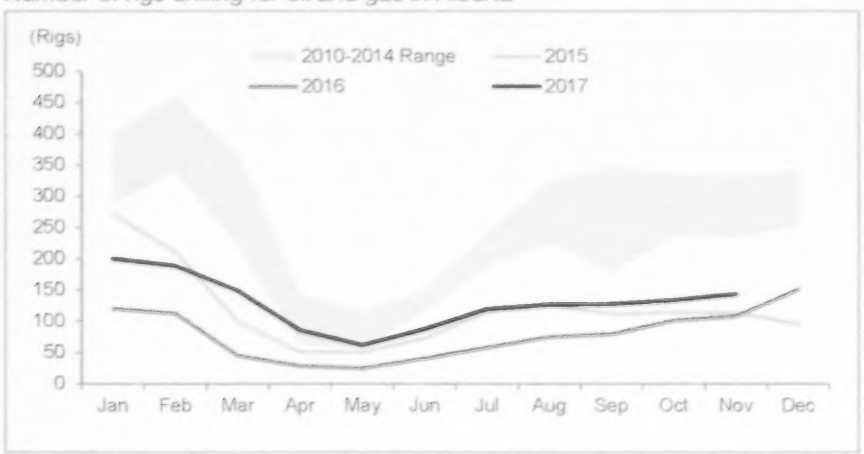
Contributions to year-over-year growth in the Alberta Activity Index (AAX)



Source: Alberta Treasury Board and Finance

Chart 4: Drilling activity holds above last year's level

Number of rigs drilling for oil and gas in Alberta



Source: Canadian Association of Oilwell Drilling Contractors

Rigs Drilling

Solid drilling activity

Drilling activity continues to track higher in 2017. The number of active rigs in the province averaged 143 in November, up 7.2% from the previous month and 32% from a year ago (Chart 4). While rigs drilling have increased on a year-over-year basis since December 2016, the pace of growth has moderated compared to the gains seen earlier this year. Along with the improvement in rig counts, the rig utilization rate improved to 33% from 24% in November 2016, but remains below the 2010-14 average for the month of November. Meanwhile, active rig counts in the rest of Canada fell 4% from a year ago to average 56 rigs, the first year-over-year decline since November 2016.

Crude Oil Production

Oil production slips again

After hitting a record high in August, oil production pulled back again in October. Alberta's crude oil production fell 3.4% m/m as maintenance issues weighed on output of synthetic crude oil (-11% m/m) for the second month in a row. Bitumen production also fell slightly (-0.6% m/m) but remained 10% higher than last year. In contrast, output of conventional oil climbed to reach a 26-month high, as higher production of light and medium crude and condensate more than offset a decline in heavy crude. Year-to-date, total crude oil production was up 10% from last year.

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Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.